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October 8, 2003

Ms. Jean Gray
Assistant Regional Manager for Power Marketing
Desert Southwest Customer Service Region
Western Area Power Administration
P.O. Box 6457
Phoenix, Arizona 85005-6457

Re: Drafts of Amendment No.1 and Exhibit A-1 to the Parker-Davis Project Firm
Electric Service Contract with Western Area Power Administration.

Dear Jean,

At the meeting held last Thursday by Western regarding the Parker- Davis Amendment, it is my understanding that you extended the comment period to December 8, 2003. I appreciate your willingness to extend the comment period which will provide more time for us to review the documents with my Board prior to submitting comments. I hope to submit to you a more complete list of questions before the deadline, however based on what was said at the meeting and a very preliminary reading of the contract I would ask you the following:

What is the reason for the amendment becoming effective immediately, particularly the advance funding provision? How do you propose this working, especially in mid-year? How will this merge with the existing AOF contract?

It appears that the advance funding requirements are treated as a "mandate" by Western—is there specific authority for Western to be able to "mandate"?

You expressed to those present at the meeting that the process now in place for the existing AOF contract is burdensome. Would you please express your reasons for this comment and how you would propose to resolve such a concern within the existing contract?

I again wish to express appreciation for the extension of time to comment, and plan to submit more detailed comments prior to December 8, 2003. Thank you in advance for responding to the above questions.

Sincerely

Grant R. Ward